

Statement of Senator Ken Salazar
The Fair Minimum Wage Act of 2007
January 24, 2007

The Fair Minimum Wage Act of 2007 would raise the federal minimum wage from \$5.15 an hour to \$7.25 an hour over a period of two years. I am proud to support this measure, which will help lift millions of Americans out of poverty.

The federal minimum wage was first established through the Fair Labor Standards Act of 1938. At the time, the federal government set the federal minimum wage at 25 cents an hour, which would amount to \$3.22 an hour in today's dollars. Since then, Congress has increased the minimum wage eight times under both Democratic and Republican Administrations.

Unfortunately, American workers have now had to wait ten years since the last increase – the longest that workers have gone without an increase in the history of the minimum wage. In contrast, members of Congress have repeatedly voted to increase their own salary during this time. In fact, our annual salary has increased by \$31,600 since the last minimum wage increase. The President's salary has doubled.

American workers have waited long enough for their raise.

Mr. President, this isn't just about fairness. It is also about economic necessity. While Congress has neglected to raise the minimum wage, the cost of living has skyrocketed. Since we last raised the minimum wage:

- Gas prices have increased by 36 percent,
- Health insurance rates have gone up by 33 percent,
- College tuition rates have risen by 35 percent; and
- Housing costs have grown by 38 percent.

Without any increase in their wages, these rising costs have forced many minimum wage workers to make difficult choices. Should they pay the rent or buy groceries? Should they pay the heating bill or buy diapers?

These are not questions that American workers should have to ask themselves. The time has come for American families to earn enough money to stop juggling these basic needs of life.

Indeed, desperate times have called for desperate measures. Our inaction has spurred several states – including Colorado – to take action unilaterally. In November, the people of Colorado voted to increase the state's minimum wage by a substantial margin. 28 other states and the District of Columbia have also taken action to raise wages above the federal minimum of \$5.15.

The House of Representatives has already passed this legislation. It is now time for the Senate to act, and for this long-overdue increase to finally become law.

Make no mistake – this legislation will make a significant difference in the lives of working families. The increase will directly impact 13 million Americans and nearly 6 million children who would see their parents' earnings increase. In Colorado, raising the federal minimum wage to \$7.25 an hour would directly raise the pay of 87,000 workers and benefit 251,000 workers overall.

The increase will mean an additional \$4,400 in annual wages, money that could be used to pay for:

- Almost two years of child care;
- More than full tuition for a community college degree;
- A year and a half of heat and electricity;
- More than a year of groceries; and
- More than 8 months of rent.

Mr. President, while I support doing everything we can to help American workers, I also believe we must help the businesses that employ them. That's why I support providing small businesses with targeted tax relief to help cushion the blow from a minimum wage increase.

There are almost 500,000 small businesses in my state of Colorado. 98 percent of the businesses that hire workers in Colorado are small businesses. These businesses create jobs, fuel our economy, and provide the livelihood for millions of workers, many of them low-wage earners. We must ensure they can continue to serve this vital purpose.

In my first hearing as a member of the Senate Finance Committee, we heard from small business owners who testified that an increase in the minimum wage would, in some cases, force them to consider whether or not to eliminate some workers or cut back the hours of others.

They also testified that some of the cost of the increase could be defrayed through specific tax incentives that help them meet the expenses associated with improving and expanding their businesses through construction and renovation, and tax credits that help them hire more low-wage workers.

Last week, I introduced legislation entitled the Business Relief and Incentives for Small Entrepreneurs Act, or the Business RAISE Act. My bill contains some of the tax incentives we heard about in the Finance Committee hearing.

Specifically, it would allow 15-year depreciation periods for restaurant improvements, new restaurant construction, and improvements to business property that is owned as

opposed to leased. It would also expand eligibility for the Work Opportunity Tax Credit to all disabled veterans.

I am proud to have worked with Chairman Baucus, Senator Grassley, and Republicans and Democrats on the Committee to have many of these provisions included in the legislation that was reported unanimously out of Committee, and that has been included in the Reid substitute amendment currently before the Senate. While I would have preferred to deal with these issues separately, I recognize that Republicans and Democrats need to work together to get things done.

Toward that end, I believe the Finance Committee legislation represents a sensible, bipartisan attempt to provide targeted tax relief to businesses that will be most affected by an increase in the minimum wage, and I will support it.

I firmly believe that it is time to give American workers and the businesses that hire them a raise. Doing so is good for workers, it is good for the economy, and it is the right thing to do.